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United States Senate

COMMITTEE ON THE JUDICIARY
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March 19, 1993

MAR 24 1993

The Honorable James Quello
Acting Chairman
Federal Communications Commission
1919 M St., NW
Washington, DC 20054

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Jim:

As you know, the Cable Television Consumer Protection Act of 1992 is designed to protect consumers against monopolistic pricing by cable operators. I am writing to underscore my view that the Cable Act gives the Commission the authority to lower cable rates to competitive, market levels. In addition, I want to urge you to take action to counteract efforts by some in the cable industry who are trying to circumvent the new law even before the Commission's implementing regulations are in place.

The Cable Act was passed because Congress concluded that cable operators were using their monopoly power to charge rates that greatly exceeded competitive levels. The General Accounting Office found that since deregulation at the end of 1986, rate increases in the cable industry had tripled the rate of inflation. The Consumer Federation of America found that cable operators were overcharging consumers by as much \$6 billion annually. A Consumers' Research study found that the per-channel rate for cable service is one-third lower in the few areas around

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monopoly pricing by cable operators must stop. Cable operators are entitled to earn reasonable profits. The 1992 Cable Act now prohibits them from earning monopoly profits.

Continental Cablevision has told its consumers that the increases are necessary "to fulfill the expectations of this legislation."

I am astonished that a cable company would blame a new round of rate increases on legislation that was designed to keep rates down and on regulations that have not even been written. However, press reports indicate that many other cable operators are attempting to inflict rate increases on their subscribers before the FCC's rate regulations go into effect. I urge you to give special scrutiny to rate increases imposed by cable operators after passage of the 1992 Cable Act. I believe the